

AMENDMENTS TO THE SPECIFICATION

Please amend the specification as follows:

[0020] The demagnetization coupling is offset, according to the present invention, by the presence of a ferromagnetic layer **58** formed on top of the antiferromagnetic pinning layer **54**. Ferromagnetic layer **58** establishes a magnetic coupling with pinned ferromagnet **52**, as indicated by the curved arrows linking the two layers. Accordingly, ferromagnetic layer **58** acts like a magnetic flux vacuum and redirects magnetic flux from layer **52** to layer **58** thereby reducing the magnetic flux coupling between pinned ferromagnetic layer **52** and free ferromagnet layer **50**. A capping layer **56** is formed over the ferromagnetic layer **58** and a conducted layer may be provided over the capping layer **56** which is electrically ~~couples~~ coupled to ferromagnetic layer **58**. It should be understood that while the memory element of Fig. 3 has been described as containing various material layers, e.g., **48**, **50**, **46**, **52**, **54**, **28** and **56**, each of those layers may, in fact, be formed of a plurality of thin film layers.